

# Congress of the United States

Washington, DC 20515

September 15, 2003

The Honorable John E. Potter  
Postmaster General and CEO  
United States Postal Service  
475 L'Enfant Plaza, SW  
Washington, DC 20260

Dear Mr. Postmaster General:

We are writing to urge you to reconsider the Postal Service's proposed change to the cooperative mailing rule. We would appreciate your consideration of our views and ask that this letter be made part of the public record.

The cooperative mailing rule as it exists today provides protection from abuses of the nonprofit mailing rate. Such abuses have been well documented. A Senate hearing in 1989, for example, highlighted the case of Little Orphans, Inc., a charity that existed to provide food and shelter to homeless animals. An unscrupulous commercial fundraiser sent out a mailing for Little Orphans that raised well over \$100,000, but kept over 99% of the proceeds for itself. In the end, the charity received only \$589 from the solicitation to care for animals.<sup>1</sup>

We are deeply concerned that the change proposed by the Postal Service would open the door again to these kinds of abuses. Currently, for-profit entities, such as commercial fundraisers, are not allowed to share in the proceeds of solicitations that are sent using the lower nonprofit mailing rate. The proposed change, however, would eliminate this prohibition. As a result, unscrupulous commercial mailers could retain virtually all the proceeds of solicitations for nonprofit organizations. Such an arrangement may be appealing to the commercial mailer, but it deceives the consumer, who understandably expects that the charity will receive the benefit of his or her contribution.

The ostensible purpose of the change in the rule is to assist nonprofit organizations. Yet the proposed change is strongly opposed by leading nonprofit organizations. The Alliance of Nonprofit Mailers, which represents the interests of large and small nonprofit organizations in postal matters, has indicated that the change "will open the floodgates to abuse" where "[u]nscrupulous commercial fundraisers, acting in the name of unsophisticated or captive nonprofit organizations, will flood the mails with fundraising solicitations designed primarily to line the fundraisers' own pockets."<sup>2</sup>

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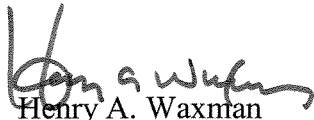
<sup>1</sup>Senate Committee on Governmental Affairs, Subcommittee on Federal Services, Post Office, and Civil Service, *Deceptive Mailings Prevention Act of 1989, and Consumer Mail Issues*, S. Hrg. 101-50, 101<sup>st</sup> Cong., 162 (Feb. 28, 1989).

<sup>2</sup>*A Boon for Commercial Mailers? Rule Change to Lower Postage for For-Profit Fundraisers*, Washington Post (Sept. 2, 2003).


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We are not opposed to reasonable changes in the cooperative mail rule. However, we are opposed to a return to an era of abuses of the nonprofit mail rate. The Postal Service has long recognized that protecting consumers and businesses from fraudulent and abusive mailing practices is an important part of the Service's mission.<sup>3</sup> To avoid such an undesirable outcome, there must be safeguards in place to protect public confidence in nonprofit mailings. We urge you in the strongest terms possible to give additional thought to the need for safeguards before finalizing this change.

Sincerely,



Henry A. Waxman  
Ranking Minority Member  
Committee on Government Reform  
U.S. House of Representatives



Joseph I. Lieberman  
Ranking Minority Member  
Committee on Governmental Affairs  
U.S. Senate

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<sup>3</sup> See, e.g., U.S. Postal Inspection Service, Publication 257, *Misleading Advertising* (Jan. 2003); Publication 300A, *Consumer and Business Guide to Preventing Mail Fraud* (1999); Publication 548, *Mail Fraud Targets Young Consumers* (1995).